

# HOUSE BILL 1073

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By: **Delegate Haddaway–Ricchio**

Introduced and read first time: February 10, 2012

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Real Estate Brokers – Guaranty Fund – Claims and Repayment**

3 FOR the purpose of increasing the amount that a person may recover for each claim  
4 against the Real Estate Guaranty Fund; providing that interest on the amount  
5 paid by the Guaranty Fund does not begin to accrue until a certain period of  
6 time has passed; altering the interest rate charged to a real estate broker,  
7 associate real estate broker, or real estate salesperson licensee if the licensee  
8 has entered into a certain repayment plan; requiring the State Real Estate  
9 Commission to allow a licensee, on request, to enter into a plan to repay the  
10 Guaranty Fund within a certain period of time; authorizing the Commission to  
11 reinstate a suspended license if the individual whose license was suspended  
12 enters into a certain repayment plan; prohibiting a certain settlement offered to  
13 a licensee by the Commission from including a certain provision; and generally  
14 relating to the payment of claims by and repayment to the Real Estate  
15 Guaranty Fund.

16 BY repealing and reenacting, with amendments,  
17 Article – Business Occupations and Professions  
18 Section 17–404(b), 17–411(a), and 17–412  
19 Annotated Code of Maryland  
20 (2010 Replacement Volume and 2011 Supplement)

21 BY adding to  
22 Article – Business Occupations and Professions  
23 Section 17–413  
24 Annotated Code of Maryland  
25 (2010 Replacement Volume and 2011 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
27 MARYLAND, That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Business Occupations and Professions**

2 17–404.

3 (b) The amount recovered for any claim against the Guaranty Fund may not  
4 exceed [~~\$25,000~~] **\$35,000** for each claim.

5 17–411.

6 (a) **(1)** After payment of a claim by the Guaranty Fund, a licensee [who]  
7 **WHOM** the Commission finds responsible for the act or omission that gave rise to the  
8 claim shall reimburse the Guaranty Fund in full for:

9 **[(1)] (I)** the amount paid by the Guaranty Fund; and

10 **[(2)] (II) IF AT LEAST 3 MONTHS HAVE PASSED SINCE THE**  
11 **PAYMENT,** interest on the amount paid by the Guaranty Fund at an annual rate of:

12 1. at least 10%, as set by the Commission; **OR**

13 2. **IF THE LICENSEE HAS ENTERED INTO A**  
14 **REPAYMENT PLAN UNDER PARAGRAPH (2) OF THIS SUBSECTION, 6%.**

15 **(2) ON REQUEST OF A LICENSEE REQUIRED TO REIMBURSE THE**  
16 **GUARANTY FUND UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE**  
17 **COMMISSION SHALL ALLOW THE LICENSEE TO ENTER INTO A PLAN TO REPAY**  
18 **THE GUARANTY FUND WITHIN A REASONABLE PERIOD OF TIME, NOT**  
19 **EXCEEDING 4 YEARS.**

20 17–412.

21 (a) If the Commission orders payment by the Guaranty Fund of a claim  
22 based on an act or omission for which a licensee is responsible, the Commission  
23 immediately and without further proceedings shall suspend the license of the licensee.

24 (b) The Commission may not reinstate a license that is suspended under this  
25 section until the individual whose license was suspended:

26 (1) **(I)** repays in full:

27 **[(i)] 1.** the amount paid by the Guaranty Fund; and

28 **[(ii)] 2.** the interest due under § **[17–411(a)(2)]**  
29 **17–411(A)(1)(II)** of this subtitle; **OR**

1                   **(II) ENTERS INTO A PLAN WITH THE COMMISSION UNDER §**  
2 **17-411(A)(2) OF THIS SUBTITLE TO REPAY THE AMOUNT PAID BY THE**  
3 **GUARANTY FUND WITHIN A REASONABLE PERIOD OF TIME, NOT EXCEEDING 4**  
4 **YEARS; and**

5                   (2) applies to the Commission for reinstatement of the license.

6                   (c) Regardless of whether the disciplinary sanction was imposed for the same  
7 act or omission that gave rise to the claim against the Guaranty Fund, the  
8 reimbursement of the Guaranty Fund by a licensee does not affect any sanction  
9 imposed by the Commission against an individual under the disciplinary provisions of  
10 Subtitle 3 of this title.

11 **17-413.**

12                   **IF THE COMMISSION OFFERS A LICENSEE A SETTLEMENT TO REDUCE A**  
13 **PENALTY IMPOSED FOR A VIOLATION OF THIS TITLE, THE SETTLEMENT MAY**  
14 **NOT INCLUDE A PROVISION REQUIRING THE LICENSEE TO WAIVE THE**  
15 **LICENSEE'S RIGHT TO CONTEST A GUARANTY FUND CLAIM AGAINST THE**  
16 **LICENSEE.**

17                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 2012.